

Module II : Planning and Organizing

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# Chapter I

## Planning

### A. **Introduction**

Planning literally just means the creation of a plan; it can be as simple as making a list. It has acquired a technical meaning, however, to cover the area of government legislation and regulations related to the use of resources.

Planning can refer to the planned use of any and all resources, as in the succession of Five-Year Plans through which the government of India sought to develop the country. However, the term is most frequently used in relation to planning for the use of land and related resources, for example in urban planning, transportation planning, and so forth

Planning involves defining the organization's goals, establishing an overall strategy, and developing a comprehensive set of plans to integrate and coordinate organizational work. Planning can be of two types.

### B. **Types of planning**

#### *Informal planning*

In this type of planning nothing is written down and it involves little or no sharing of goals. It is general and lacking in continuity. Informal or ad-hoc plans are created by individual humans in all of their pursuits. It is common for less formal plans to be created as abstract ideas, and remain in that form as they are maintained and put to use.

#### *Formal planning*

It is always written. It defines specific goals. Under this type of planning specific action programs exist to achieve goals. Structured and formal plans, used by multiple people, are more likely to occur in

projects, diplomacy, careers, economic development, military campaigns, combat, or in the conduct of other business.+

### **C. Purposes of Planning**

*“Planning is everything. Plans are nothing.”*

A good planning process is required for –

- Reducing risk
- Reducing uncertainty
- Supporting better decision making
- Establishing trust
- Conveying information

#### *Reducing Risk*

Planning increases the likelihood of plan/project success by providing insights into the plan's/project's risks. Some plans/projects are so risky that we may choose not to start once we've learned about the risks. Other plans/projects may contain features whose risks can be contained by early attention. The discussions that occur while estimating raise questions that expose potential dark corners of plans/projects. Suppose you are asked to estimate how long it will take to integrate the new project with an existing mainframe legacy that you know nothing about. This will expose the integration features as a potential risk. The project team can opt to eliminate the risk right then by spending time learning about the legacy system. Or the risk can be noted and the estimate for the work either made larger or expressed as a range to account for the greater uncertainty and risk.

#### *Reducing Uncertainty*

Throughout a plan/project, the team is generating new capabilities in the product/service. They are also generating new knowledge—about the product, the technologies in use, and themselves as a team. It is critical that this new knowledge be acknowledged and factored into an iterative planning process that is designed to help a team refine their vision of the product. The most critical risk facing most plans/projects is the risk of developing the wrong product. Yet this risk is entirely

ignored on most plans/projects. An agile approach to planning can dramatically reduce (and ideally eliminate) this risk.

### *Supporting Better Decision Making*

Estimates and plans help us make decisions. How does an organization decide whether a particular plan/project is worth doing if it does not have estimates of the value and the cost of the plan/project? Beyond decisions about whether or not to start a plan/project, estimates help us make sure we are working on the most valuable plans/projects possible.

### *Establishing Trust*

Frequent reliable delivery of promised features builds trust between the developers of a product and the customers of that product. Reliable estimates enable reliable delivery. A customer needs estimates to make important prioritization and tradeoff decisions. Estimates also help a customer decide how much of a feature to develop. Rather than investing twenty days and getting everything, perhaps investing ten days of effort will yield 80% of the benefit. Customers are reluctant to make these types of tradeoff decisions early in a plan/project unless the developers' estimates have proved trustworthy. Reliable estimates benefit developers by allowing them to work at a sustainable pace. This leads to higher-quality code and fewer bugs. These, in turn, lead back to more reliable estimates because less time is spent on highly unpredictable work such as bug fixing.

### *Conveying Information*

A plan conveys expectations and describes one possibility of what may come to pass over the course of a project. A plan does not guarantee an exact set of features on an exact date at a specified cost. A plan does, however, communicate and establish a set of baseline expectations. Far too often a plan is reduced to a single date, and all of the assumptions and expectations that led to that date are forgotten.

### *Planning Improves Performance*

- generally speaking, formal planning is associated with:
  - higher profits
  - higher return on assets
- quality of the planning process and the appropriate implementation of the plans probably contribute more to high performance than does the extent of planning
- external environment may undermine the effects of formal planning
- planning/performance relationship is influenced by the planning time frame

#### **D. Importance of Planning**

*'Failing to plan is planning to fail'*

No matter what their size, all organizations need to plan, and doing so will highlight both the opportunities and challenges facing it, which in turn will not only strengthen the organization, but will enable it to deliver more effectively the needs of its beneficiaries.

There is broad agreement among leaders and experts that planning is a critical component of good management and governance. Planning helps assure that an organization remains relevant and responsive to the needs of its stakeholders, and contributes to organizational stability and growth. It provides a basis for monitoring progress, and for assessing results and impact. It facilitates new program development. It enables an organization to look into the future in an orderly and systematic way. From a governance perspective, it enables the management to set policies and goals to guide the organization, and provides a clear focus to the Managing Director and staff for program implementation and agency management.

#### **E. Types of Plans**

Planning and plans are typed or classified by their characteristics and purpose. The following is the general criteria for classifying plans:

*Functional area*

The general field to which the plan applies, such as personnel, administration, operations, and safety.

*Time factor*

Long, medium, or short-range

*Plans Characteristics*

Cost, detail, and complexity

*Level affected*

Force, command, department, division, or work center

*Action required*

Most often performed actions, such as research and development, staffing, and mission operations

These criteria are used to classify plans into different groups. These are:

Strategic	Directional
Operational	Specific
Long term	Single use
Short term	Standing

*Strategic Plans*

Strategic plans are concerned with overall mission. They define unit objectives and goals. Strategic plans give you “the big picture.” Strategic plans apply to the entire organization, establish organization’s overall goals and seek to position the organization in terms of its environment.

These plans are designed to provide long-range guidance. They provide a base line for other plans. Once mission and objectives have been defined, strategies can be developed to meet them. Strategic planning must remain flexible enough to accommodate shifts in policy or action by our own government and other nations. They must include alternate or contingency plans in anticipation of foreseeable changes.

The questions these plans ask and attempt to answer are:

Where are we? Where are we going? Why? How will we get there?

### *Operational plans*

They specify the details of how the overall goals are to be achieved and tend to cover short time periods.

The questions these plans ask and attempt to answer are:

What do we need to do to make it all happen and know we are on track?

### *Long-term plans*

The definition of long term has changed with increasingly uncertain organizational environments. However, time frame beyond three years is considered for such plans.

### *Short-term plans*

These plans cover a period of one year or less

### *Directional plans*

These are flexible plans that set out general guidelines and provide focus without limiting courses of action.

### *Specific plans*

These plans are clearly defined with little room for interpretation and predictability often does not exist.

### *Single-Use Plans*

Single-use plans are essentially one-time use plans having a specific goal or objective. They may run for a few days or last several years. Projects, programs, and budgets are commonly thought of as single-use plans. These plans specifically designed to meet the needs of a unique situation

### *Standing plans*

These are ongoing plans that provide guidance for activities performed repeatedly and include policies, procedures, and rules.

### *Long-Range and Strategic Planning*

The term *strategic planning* has become very popular in recent years. Many nonprofit organizations now talk about doing *strategic planning* rather than *long-range planning*. Yet the difference between the two is not intuitively obvious, nor universally agreed upon. Following are typical definitions and explanations of the two terms:

#### *Long-range planning:*

The process by which the leaders of an organization determine what the organization wants to *look like* at the end of a specified period of time – usually three to five years – then use that *vision* to establish multi-year goals and objectives which describe what the organization wishes to accomplish, and develop programs, tasks, and timelines for achieving them. Long-range planning predicts future conditions and realities, internal and external, and plans how the organization can function effectively within them. Because it involves multi-year projections, it cannot be as specific as short-term or operational planning, which generates a work plan with detailed annual objectives, tasks, methods, timelines, and responsibilities. However, it tends to be more focused on specific objectives and timelines than strategic planning.

### *Strategic planning:*

The process by which leaders of an organization determine *what* it intends to be in the future and *how* it will get there. To put it another way, they develop a *vision* for the organization's future and determine the necessary priorities, procedures, and operations (*strategies*) to achieve that vision. Included are measurable goals which are realistic and attainable, but also challenging; emphasis is on long-term goals and strategies, rather than short-term (such as annual) objectives. Strategic planning assumes that certain aspects of the future can be created or influenced by the organization. Strategic planning is ongoing; it is "the process of self-examination, the confrontation of difficult choices, and the establishment of priorities" (Pfeiffer et al., *Understanding Applied Strategic Planning: A Manager's Guide*). Strategic planning involves "charting a course that you believe is wise, then adjusting that course as you gain more information and experience" (Wilder Foundation, *Strategic Planning Workbook*).

### *Differences between strategic and long-range planning:*

While closely related to long-range planning, strategic planning is generally considered to place a greater emphasis on *strategies* – on *how* the organization will achieve its vision – while long-range planning places greater emphasis on *determining the vision*.

### *Approaches to Planning*

All organizations plan; the only difference is their approach. Prior to starting a new strategic planning process it will be necessary to access the past planning approach that has been used within the organization and determine how the organizations culture may have been affected. Addressing these cultural issues is critical to the success of the current planning process.

The four possible ways in which organizations can look at this issue are:

1. Reactive - past oriented

Reactive planning is an active attempt to turn back the clock to the past. The past, no matter how bad, is preferable to the present. And definitely better than the future will be. The past is romanticized and there is a desire to return to the "good old days." These people seek to undo the change that has created the present, and they fear the future, which they attempt to prevent.

2. Inactive - present oriented

Inactive planning is an attempt to preserve the present, which is preferable to both the past and the future. While the present may have problems it is better than the past. The expectation is that things are as good as they are likely to get and the future will only be worse. Any additional change is likely to be for the worse and should therefore be avoided.

3. Pre-active - predict the future

Pre-active planning is an attempt to predict the future and then to plan for that predicted future. Technological change is seen as the driving force bringing about the future, which will be better than the present or the past. The planning process will seek to position the organization to take advantage of the change that is happening around them.

4. Proactive - create the future

Proactive planning involves designing a desired future and then inventing ways to create that future state. Not only is the future a preferred state, but the organization can actively control the outcome. Planners actively shape the future, rather than just trying to get ahead of events outside of their control.

Three proven approaches to planning include:

- Top-down execution and responsibility,

- Bottom-up execution and responsibility, and
- Top-down policy and bottom-up planning and execution.

*Top-down execution and responsibility:*

In this approach planning is done by top managers/specialists whose sole responsibility is to help write organizational plans and the plans flow down to lower levels. Plans are tailored to particular needs at each lower level. This approach is most effective if plan as a workable document is used by organizational members for direction and guidance.

*Bottom-up execution and responsibility*

Each department is responsible for developing and implementing its own plans. It is the department manager who best understands what are the strengths and weaknesses of his department. However, this approach can be costly because each department must train its own personnel and do its own research.

*Top-down policy and bottom-up planning and execution*

One department develops the planning policy, which includes overall planning guidelines. Each department is responsible for developing and implementing its own plans and procedures. This method offers a consistent approach, which helps to ensure that each department knows the important details for a successful operation.

**F. Steps in Planning Process**

Any planning process may involve seeking answers to the following questions:

- Where are you now?
- Where do you wish to be?
- How do you get there?
- How do you measure progress?
- How are you going to accomplish this task?

*Where are you now?*

*Internal / External Assessment*

*Internal Assessment*

*Situation Inventory*

- Who are your customers, clients, stakeholders, and expectation groups?
- What are their needs and expectations?

*Assess your:*

- Organizational Culture
- Personnel
- Structure
- Process
- Services / Programs
- Technology

*External Environment Scan*

- What are the external forces affecting your organization and its direction?
- What will your environment be in 5 years?

*Where do you wish to be?*

***Vision*** - Compelling conceptual image of your desired future

***Mission*** - Broad, comprehensive statement of purpose

***Philosophy*** - Core values describing how you conduct yourself in carrying out your mission

***Goals*** - General end purpose toward which effort is directed

*Objectives*

- Specific & measurable target for accomplishment
- Benchmarks

- Stretch Factor

*How do you get there?*

*Strategies:* the method used to accomplish your goals and objectives

*Action plans:* detailed descriptions of how a strategy will be implemented

*Resource Allocation:* Determination and allotment of resources or assets necessary to carry out strategies and achieve objectives, within the priority framework established in the Strategic Plan

*How do you measure progress?*

*Accountability: methods used to measure results*

- monitor and track progress
- select and report performance indicators

*How are you going to accomplish this task?*

*Organize, Manage, Staff*

- Ponder Issues to be discussed and decided
- Be prepared to brainstorm & undertake SWOT analysis
- strengths, weaknesses, opportunities, threats

The answers to above questions, when put in a systematic manner, give the following nine steps of planning (or strategic planning):

### **Stages of Strategic Planning**

1. Assessing Current Situation
2. Defining the Vision/Mission
3. Establishing Goals & Objectives
4. Exploring Options
5. Selecting the Best Option

- 6 Detailed Planning
- 7 Evaluation of the Plan and its Impact
- 8 Implementing Plan
- 9 Evaluation
1. *Assessing Current Situation*

This involves internal as well as external assessment. Environmental analysis should look both internally and externally to the organization, taking in both the current state of affairs and the likely future.

#### *The Internal Environment*

The internal environment, or shape and fitness of the organization, must be analyzed to ensure that any potential inhibitors are visible and appropriately dealt with.

There are many potential internal inhibitors lurking around that might derail an organization. Things such as any cultural changes that might need to take place in order to take the organization forward, or training requirements of staff and beneficiaries that need to be addressed to implement the plan, or simply insufficient resources. Being aware of your internal environment is the first step in dealing with them.

#### *The External Environment*

When planning, no organization can ignore the environment in which it operates. Therefore, it is important very early on in the planning process to assess the challenges and opportunities the organization is likely to face, as well as how fit the organization is to carry out its work.

The external environment includes:

- The Government and emerging policies

- Economic trends
- New government legislation
- Society and demographics
- Clients/beneficiaries and their needs
- Other market players
- Purchasers
- Supplier

### *Global scanning*

It involves screening of information on global forces that might affect an organization that has global interests. It Requires more extensive procedures than those used for scanning the domestic environment

There are number of techniques that will assessment of current situation:

### *SWOT Analysis*

This is a formal analysis of your strengths and weaknesses, and of the opportunities and threats that you face.

### *The SWOT Matrix Explained*

All the best management models have four quadrants, and the SWOT matrix is no exception. You use each of the four quadrants in turn to analyze where you are now, where you want to be, and then make an action plan to get there.

## The SWOT Matrix

Strength GOOD NOW Maintain, build, leverage	Weakness BAD NOW Remedy, stop
Opportunity GOOD FUTURE Prioritise, optimise	Threat BAD FUTURE Counter

### *Step 1 – In the here and now...*

List all strengths that exist now. Then in turn, list all weaknesses that exist now. Be realistic but avoid modesty!

### *Step 2 – What might be...*

List all opportunities that exist in the future. Opportunities are potential future strengths. Then in turn, list all threats that exist in the future. Threats are potential future weaknesses.

### *Step 3 – Plan of action...*

Review your SWOT matrix with a view to creating an action plan to address each of the four areas.

In short:

- Strengths need to be maintained, built upon or leveraged.
- Weaknesses need to be remedied or stopped.
- Opportunities need to be prioritized and optimized.
- Threats need to be countered or minimized.

### *PEST Analysis*

A PEST analysis (also sometimes called a STEP or STEEP analysis) looks at the external business environment. **PEST stands for Political, Economic, Socio-cultural and Technological.** (Technological factors in this case, include ecological aspects - the second E in STEEP). The analysis examines the impact of each of these factors (and their interplay

with each other) on the business. The results can then be used to take advantage of opportunities and to make contingency plans for threats.

### *Political Factors*

When examining political factors, you need to look at any political changes that could affect your business. What laws are being drafted? What global changes are occurring? Legislation on maternity rights, data protection, health & safety, environmental policy, should be considered, for example. As an example, take a company employing a large number of women. Changes in maternity rights may have a major impact on such a business - and the aware business will keep an eye out for changes in such legislation.

### *Economic Factors*

*Social Factors* Often the political factors spill over into economic factors. For example, tax is usually decided by politicians, based on a mixture of political and economic factors. Interest rates, in many countries are decided by a central bank, but political factors may still be important. Other economic factors include exchange rates, inflation levels, income growth, debt & saving levels (which impact available money) and consumer & business confidence.

Finally, all this influences and is influenced by social factors - the elements that build society. Social factors influence people's choices and include the beliefs, values and attitudes of society. So understanding changes in this area can be crucial. Such changes can impact purchasing behaviour. Consumer attitudes to your product & industry, environmental issues (especially if your product involves hazardous or potentially damaging production processes), the role of women in Society, attitudes to health, attitudes to wealth, attitudes to age (children, the elderly, etc.) are typical things to look at for to assess the influence of social factors. Added complications when looking at social and cultural factors are differences in ethnic and social

groups. Not all groups have the same attitudes - and this impacts how they view products and services. Demographic changes can also play a major part.

### *Technological Factors*

Advances in technology can have a major impact on business success - with companies that fail to keep up often going out of business. Technological change impacts socio-cultural attitudes. For example the way people spend their leisure has changed dramatically over the last 30 or so years. Think about the likely impact of new technologies - the Internet, EDI, mobile phones, and the increasing advances in computing and computers in your own industry or organization. Look out for any technology that could make producing your product easier. And watch out for the technology that could make your product obsolete. (As an example, think about the potential impact that video-conferencing could have on the business travel market. Why spend hours and much money travelling some distance for a meeting, when all participants can join in - face-to-face - through a video-conference that lacks only the physical presence of the attendees.)

### *Risk Analysis:*

This helps you to spot project risks, weaknesses in your organization or operation, and identify the risks to which you are exposed. From this you can plan to neutralize some risks.

### *Understanding pressures for change:*

Alternatively, other people (e.g. clients) may be pressing you to change the way you do things. Alternatively your environment may be changing, and you may need to anticipate or respond to this. Pressures may arise from changes in the economy, new legislation, competition, changes in people's attitudes, new technologies, or changes in government.

## ***Forecasting***

It is used to predict future events to facilitate decision making.

### *Techniques*

1. *Quantitative* - applies a set of mathematical rules to a series of past data to predict outcomes
2. *Qualitative* - uses the judgment and opinions of knowledgeable individuals to predict outcomes
3. *Collaborative forecasting and replenishment (CFAR)*
  - standardized way for businesses to use the Internet to exchange data
  - information used to calculate a demand forecast for a particular product

### *Effectiveness of Forecasting*

- forecasts are most accurate in relatively stable environments
- forecasts are relatively ineffective in predicting non-seasonal events, unusual occurrences, and the actions of competitors
- to improve forecasts - use simple forecasting methods
- compare every forecast with “no change”
- use several forecasting methods
- shorten the length of forecasts
- practice forecasting

## 2. *Defining the Vision/Mission*

Once you have completed a realistic assessment of the current situation, the next step is to decide precisely what the aim of your plan is. Deciding and defining an aim sharpens the focus of your plan, and helps you to avoid wasting effort on irrelevant side issues.

The aim is best expressed in a simple single sentence. This ensures that it is clear and sharp in your mind.

If you are having difficulty in formulating the aim of your plan, ask yourself:

- What do I want the future to be?
- What benefit do I want to give to my customers?
- What returns do I seek?
- What standards am I aiming at?
- What values do I and my organization believe in?

You can present this aim as a 'Vision Statement' or 'Mission Statement'. Vision Statements express the benefit that an organization will provide to its customers.

Mission statements give concrete expression to the Vision statement, explaining how it is to be achieved. Avoiding mission drift is crucial to keeping the organization on track and in touch with its service users.

A celebrated tale often told to highlight the importance of mission statement is that of Jack Welch who, when taking over as Chief Executive of US mega-firm, General Electric in 1981 asked management guru Peter Drucker the single greatest thing he could do to boost the company's ailing bottom line. The answer was simple: 'If you are not the best or the second best supplier of a product or service you should stop providing it!'

Building a clear sense of mission means not being all things to all people: it means being very clear about what you can and cannot achieve, prioritizing and sometimes saying no, doing something as opposed to trying to do everything.

### *Consult Stakeholders*

All the relevant stakeholders should be consulted, both internally and externally. Everyone who works in the

organization - including the volunteers - and the service users and beneficiaries need to be sounded out to see where they think the organization currently sits, where it is going, and most importantly of all, where it *should* be heading.

### *Reassess Direction*

Reassessing the direction of the organization should be carried out once every five years or so, unless the environment in which the organization operates in is changing rapidly, in which case this exercise will have to be carried out more frequently.

Remember, an organization's mission is the foundation that underpins the track on which the organization runs, and its values must be firmly embedded in every part of the organization and throughout its activities in order for it to stay on track.

## **3. Establishing Goals & Objectives**

### Goals

Goals are broad statements of what the organization hopes to achieve over the next 3-5 years. Goals focus on major outcomes, improvements, or results, and are qualitative in nature.

### *Objectives*

- Objectives are specific, concrete, measurable statements of what will be done to achieve a goal, generally within a one-year time frame.
- Objectives include answers to the following questions: Who, will accomplish what, and by when.

Objectives should be “SMART” — Specific; Measurable; Ambitious, but attainable; Relevant; and Time-Based (we’ll do X over the next Y year(s)).

#### **4** *Exploring Options*

By this stage you should know where you are and what you want to do. The next thing to do is to work out how to do it. At this stage it is best to spend a little time generating as many options as possible, even though it is tempting just to grasp the first idea that comes to mind. By taking a little time to generate as many ideas as possible you may come up with less obvious but better solutions. Just as likely, you may improve your best ideas with parts of other ideas.

##### *Priority*

The findings from the environmental analysis will highlight what are the most pressing options facing the organization; be it forthcoming legislation or a shift in government policy, changing economic climate or simply an increase in the demand for the organization’s goods and services.

These all must be weighed up and prioritized to ensure that the mission of the organization is being fulfilled.

##### *Feasibility*

Once the priorities have been established, what are the options available in undertaking them, and what are the practicalities in doing so?

The different options available to the organization will range from whether to provide additional services that were identified in the environmental analysis to offering the services in-house or possibly contracting them out. In order to enhance its services, does the organization need to expand, and if so, does moving to new premises offer

the best long-term option, or can it stay put and use its space more efficiently?

## 5 *Selecting the Best Option*

Once you have explored the options available to you, it is time to decide which one to use. If you have the time and resources available, then you might decide to evaluate all options, carrying out detailed planning, costing, risk assessment, etc. for each. Normally you will not have this luxury.

Two useful tools for selecting the best option are Grid Analysis and Decision Trees. Grid Analysis helps you to decide between different options where you need to consider a number of different factors. Decision Trees help you to think through the likely outcomes of different courses of action.

## 6. *Detailed Planning*

Planning, or business planning as it is sometimes called, marks the half-way point in the strategic planning journey, and therefore, is the ideal time for staff and trustees to take stock, review all the information generated, sort it and get down to the basics of planning the next steps in detail.

By the time you start detailed planning, you should have a good picture of where you are, what you want to achieve and the range of options available to you. You may well have selected one of the options as the most likely to yield the best results.

Detailed planning is the process of working out the most efficient and effective way of achieving the aim that you have defined. It is the process of determining who will do what, when, where, how and why, and at what cost.

When drawing up the plan, techniques such as use of Gantt Charts and Critical Path Analysis can be immensely helpful in working out priorities, deadlines and the allocation of resources.

While you are concentrating on the actions that need to be performed, ensure that you also think about the control mechanisms that you will need to monitor performance. These will include the activities such as reporting, quality assurance, cost control, etc. that are needed to spot and correct any deviations from the plan.

### *Allocation of Resources*

It involves allocation of all the assets of the organization, including financial, physical, human, intangible, and structural

### *Budgeting*

Budgets are numerical plans for allocating resources to specific activities, are prepared for revenues, expenses, and large capital expenditures, are applicable to a wide variety of organizations and activities and force financial discipline.

## 7. *Evaluation of the Plan and its Impact*

Once you have worked out the details of your plan, the next stage is to review it to decide whether it is worth implementing. Here you must be objective in spite of the work you have carried out to reach this stage, the plan may still not be worth implementing.

This is frustrating after the hard work of detailed planning. It is, however, much better to find this out now than when you have invested time, resources and personal standing in the success of the plan. Evaluating the plan now gives you the opportunity to either investigate other options that might be more successful,

or to accept that no plan is needed or should be carried out.

Depending on the circumstances, the following techniques can be helpful in evaluating a plan:

*PMI (Plus/Minus/Interesting):*

This is a good, simple technique for 'weighing the pros and cons' of a decision. It involves listing the plus points in the plan in one column, the minus points in a second column, and the implications and points of uncertainty of the plan in a third column. Each point can be allocated a positive or negative score.

*Cost/Benefit Analysis:*

This is useful for confirming that the plan makes financial sense. This involves adding up all the costs involved with the plan, and comparing them with the expected benefits.

*Force Field Analysis:*

Similar to PMI, Force Field Analysis helps you to get a good overall view of all the forces for and against your plan. This allows you to see where you can make adjustments that will make the plan more likely to succeed.

*Cash Flow Forecasts:*

Where a decision has mainly financial implications, such as in business and marketing planning, preparation of a Cash Flow Forecast can be extremely useful. It allows you to assess the effect of time on costs and revenue. It also helps in assessing the size of the greatest negative and positive cash flows associated with a plan. When it is set up on a spreadsheet package, a good Cash Flow Forecast also functions as an extremely effective model

of the plan. It gives you an easy basis for investigating the effect of varying your assumptions.

A good plan will:

- State the current situation
- Have a clear aim
- Use the resources available
- Detail the tasks to be carried out, whose responsibility they are, and their priorities and deadlines.
- Detail control mechanisms that will alert you to difficulties in achieving the plan.
- Identify risks, and plan for contingencies. This allows you to make a rapid and effective response to crises, perhaps at a time when you are at low ebb or are confused following a setback.
- Consider transitional arrangements - how will you keep things going while you implement the plan?

## 8. *Implementing Plan*

Once you have completed your plan and decided that it will work satisfactorily, it is time to implement it. Your plan will explain how! It should also detail the controls that you will use to monitor the execution of the plan.

In many ways this is the most crucial stage on the strategic planning journey - because if the organization fails to implement the decisions made, all the work undertaken to produce a workable plan would have been for nothing.

One of the most frequent regrets that staff has is that after putting masses of effort into developing a strategic plan, nothing happens. Planning does take time and resources, and to ensure that the hard work and good ideas are not

wasted, it is crucial to ensure that the plan is fully implemented.

Once decisions have been made about the future direction and the actions needed to achieve the desired future, the actions (often expressed as goals, targets and outcomes) need to be built into the everyday life of the organization i.e. embedded in the systems and processes of the organization.

## 9. *Evaluation*

Evaluating the outcomes and impact of the strategic plan marks the end of the journey for this organization's planning cycle.

Once the strategic plan is firmly embedded throughout the organization, it is time to take stock and evaluate what works well, and just as importantly, what doesn't work as well.

Progress on the journey needs to be assessed at appropriate intervals to make sure things are on track, heading in the right direction and continuing to achieve the outcomes established at the start (delivering the desired impact).

### *The cycle continues*

The evaluation stage is the ideal time to identify what new activities, services or projects you may wish to undertake, and as such, start the planning cycle again.

### **Benefits of Strategic Planning**

- Establishes a shared direction and focus
- Develops a coherent and defensible base for decision-making
- Develops a renewed commitment to high performance teamwork

- Taking Time to Plan...SAVES TIME!
- Highlights and addresses organizational needs and/or limitations
- Sets more realistic objectives that are demanding, yet attainable
- Accelerates or improves growth
- Identifies or eliminates poor performing areas
- Improves Services
- Develops better communications within and outside of the organization
- Generates personal and group commitment
- Provides a road map to show where the company is going and how to get there
- Improves integration and coordination of internal activities
- Establishes a sense of security among employees
- Improves resource allocation
- Creates a culture of anticipation and innovation rather than one of reaction and defensiveness
- Helps control your own destiny
- Quantifies Accountability
- Celebrate accomplishments!
- Questions assumptions

## **G. Criticisms of Planning**

1. *Planning may create rigidity*
  - unwise to force a course of action when the environment is fluid
2. *Plans can't be developed for a dynamic environment*
  - required in a dynamic environment
  - can't be tied to a formal plan

3. *Formal plans can't replace intuition and creativity*
  - mechanical analysis reduces the vision to some type of programmed routine
4. *Planning focuses managers' attention on today's competition, not on tomorrow's survival*
  - plans concentrate on capitalizing on existing business opportunities
  - hinders managers who consider creating or reinventing an industry
5. *Formal planning reinforces success, which may lead to failure*
  - success may breed failure in an uncertain environment

### **Steps for a Planning Group (PG)**

- Determine an inclusive strategic planning process: It is recommended that the head of the planning group decide who is to participate in the planning activities, select a planning committee/coordinator, what planning process will be followed, and how the results will be shared with all members of the group. A representative group may be charged with producing the plan, but everyone should have the opportunity to offer suggestions and to react to proposals.
- Select a planning committee/coordinator. Conduct an environmental scan (internal and external trends).
- Conduct a SWOT Analysis: Assess external opportunities and threats; Assess internal strengths and weaknesses.
- Conduct a brainstorming session with PG: reduce impact of threats and weaknesses; seize opportunities and strengths.
- Develop/Review/Revise Vision.
- Identify values that are unique to your Planning Group
- Develop/Review/Revise Mission
- Develop/Review/Revise goals and strategic directions
- Review the reporting unit (RU) action plans as part of this reviewing process.
- Ensure that the reporting unit action plans and planning group goals and strategic directions are consistent.

- Make clear what resources and personnel commitments will be needed to meet the proposed goals and strategic directions (complete strategic budget request forms, if necessary)
- Establish appropriate key performance indicators (KPI) and criterion for each strategic direction
- Specify who is responsible for each action to reach objectives; determine a timeline and action steps needed to reach each strategic direction; specify a schedule for assessing the strategic directions; specify methods (process and frequency) to monitor and evaluate the plans, and identify who is responsible for collecting specific KPI.
- Review the draft strategic plan (all PG members should be given the opportunity to review the strategic plan)
- Implement strategic plan
- Analyze data and evaluate progress on plan
- Submit annual IE Progress Report to the Office of Institutional Effectiveness to demonstrate "closing the loop": Prioritize strategic budget requests of the planning group and reporting units
- Evaluate Reporting Unit Action Plans and provide feedback
- Submit an updated plan, every 4 years

# Chapter 2

## Organizing

### A. Introduction

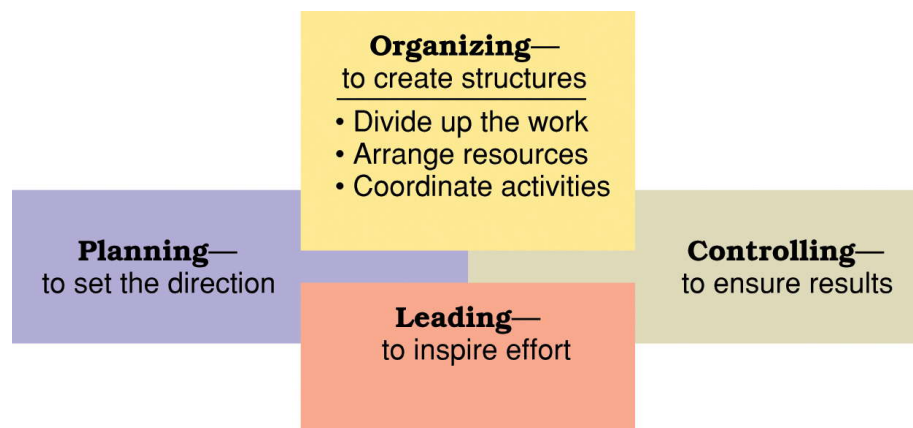
Organizing is the management function that usually follows after planning. It is the managerial function of arranging people and resources to work toward a goal. The purposes of organizing include but are not limited to determining the tasks to be performed in order to achieve objectives, dividing tasks into specific jobs, grouping jobs into departments, specifying reporting and authority relationships, delegating the authority necessary for task accomplishment, and allocating and deploying resources in a coordinated fashion.

Henri Fayol first identified organizing as a function of management in his classic monograph *General and Industrial Administration*.

It is the process of creating structure, establishing relationships and allocating resources to accomplish the goals of the organization.

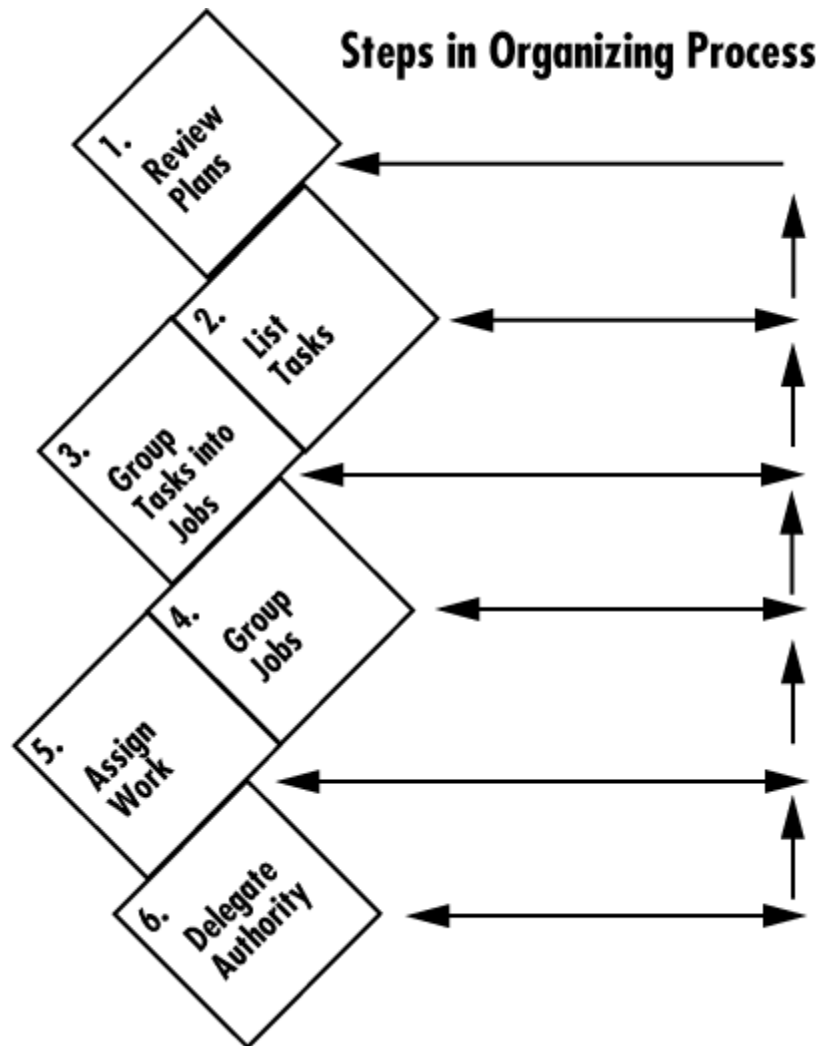
It focuses on division, coordination and control of tasks and flow of information within the organization. Managers distribute responsibilities and authority to job holders in this function of management.

### B Organizing viewed in relationship with the other management functions



### C. Steps in Organising Process

A key issue in accomplishing the goals identified in the planning process is structuring the work of the organization. **Organizations** are groups of people, with ideas and resources, working toward common goals. The purpose of the organizing function is to make the best use of the organization's resources to achieve organizational goals. Organizational structure is the formal decision-making framework by which job tasks are divided, grouped, and coordinated. Formalization is an important aspect of structure. It is the extent to which the units of the organization are explicitly defined and its policies, procedures, and goals are clearly stated. It is the official organizational structure conceived and built by top management. The formal organization can be seen and represented in chart form. An organization chart displays the organizational structure and shows job titles, lines of authority, and relationships between departments.



The informal organization is the network, unrelated to the firm's formal authority structure, of social interactions among its employees. It is the personal and social relationships that arise spontaneously as people associate with one another in the work environment. The supervisor must realize that the informal organization affects the formal organization. The informal organization can pressure group members to conform to the expectations of the informal group that conflict with those of the formal organization. This can result in the generation of false information or rumors and resistance to change desired by management. The supervisor should recognize the existence of information groups, identify the roles member play within these groups, and use knowledge of the groups to work effectively with them. The informal organization can make the formal organization more effective by providing support to management, stability to the environment, and useful communication channels.

## D. Organizational Structures

Even though the differences among organizations are enormous, there are many similarities that enable them to be classified. One widely used classification is the two-fold system (mechanistic versus organic forms of organizational structure) developed by Tom Burns and G. M. Stalker in their study of electronics firms in the United Kingdom.

### *Mechanistic Structure*

The **mechanistic structure** is the traditional or classical design, common in many medium- and large-size organizations. Mechanistic organizations are somewhat rigid in that they consist of very clearly delineated jobs, have a well-defined hierarchical structure, and rely heavily on the formal chain of command for control. Bureaucratic organizations, with their emphasis on formalization, are the primary form of mechanistic structures. According to Max Weber, bureaucracy is a form of organization characterized by a rational, goal-directed hierarchy, impersonal decision making, formal controls, and subdivision into managerial positions and specialization of labor. Bureaucratic organizations are tall consisting of hierarchies with many levels of management. In a **tall structure**, people become relatively confined to their own area of specialization. Bureaucracies are driven by a top-down or command and control approach in which managers provide considerable direction and have considerable control over others. Other features of the bureaucratic organization include functional division of labor and work specialization.

### *Organic Structure*

On the other hand, the organic structure is more flexible, more adaptable to a participative form of management, and less concerned with a clearly defined structure. The organic organization is open to the environment in order to capitalize upon new opportunities.

Organic organizations have a flat structure with only one or two levels of management. **Flat organizations** emphasize a decentralized approach to management that encourages high employee involvement in decisions. The purpose of this structure is to create independent small businesses or enterprises that can rapidly respond to customers'

needs or changes in the business environment. The supervisor tends to have a more personal relationship with his or her employees.

<b>Mechanistic</b>	<b>Organic</b>
Individual specialization: Employees work separately and specialize in one task	Joint Specialization: Employees work together and coordinate tasks
Simple integrating mechanisms: Hierarchy of authority well-defined	Complex integrating mechanisms: task forces and teams are primary integrating mechanisms
Centralization: Decision-making kept as high as possible. Most communication is vertical.	Decentralization: Authority to control tasks is delegated. Most communication lateral
Standardization: Extensive use made of rules & Standard Operating Procedures	Mutual Adjustment: Face-to-face contact for coordination. Work process tends to be unpredictable
Much written communication	Much verbal communication
Informal status in organizations based on size of empire	Informal status based on perceived brilliance
Organization is a network of positions, corresponding to tasks. Typically each person corresponds to one task	Organization is network of persons or teams. People work in different capacities simultaneously and over time

Mechanistic organizations are best suited to repetitive operations and stable environments, while organic organizations are best suited to an uncertain task and a changing environment.

### **E. What is an Organization Chart?**

An organizational chart is a diagram that depicts the structure of an organization in terms of relationships among personnel or departments. An organizational chart also represents lines of authority and responsibility. Generally, an organizational chart is a horizontal or vertical tree that contains geometric shapes to represent staff or divisions. The lines that connect the shapes indicate relationships between the positions. An organizational chart indicates the formal structure of a business or company.

Most often, a rectangle represents a person, position, or department. In a standard organizational chart, solid lines depict a formal and direct relationship between positions. A double linked rectangle might indicate a situation with co-supervisors. A dashed line indicates an advisory or indirect relationship between positions, while arrows indicate the flow of communication. To indicate job sharing or dual responsibilities, a divided box might be used.

In standard organizational charts, the shape is similar to a pyramid. Often, box size is relative to the authority level of the position; for example, an executive position may have a larger rectangle than a subordinate position. Peers generally have boxes of similar size on an organizational chart. Lateral positions on an organizational chart indicate a relationship between departments on the same level of hierarchy in the organization.

## **F. What is Organization Design?**

*It is a process for improving the probability that an organization will be successful. It is a process of developing or changing an organization's structure.*

More specifically, Organization Design is a formal, guided process for integrating the people, information and technology of an organization. It is used to match the *form* of the organization as closely as possible to the purpose(s) the organization seeks to achieve. Through the design process, organizations act to improve the probability that the collective efforts of members will be successful.

### ***Hierarchical Systems***

Western organizations have been heavily influenced by the command and control structure of ancient military organizations, and by the turn of the century introduction of Scientific Management. Most organizations today are designed as a bureaucracy in which authority and responsibility are arranged in a hierarchy. Within the hierarchy rules, policies, and procedures are uniformly and impersonally applied to exert control over member behaviors. Activity is organized within sub-units (*bureaus*, or departments) in which people perform specialized functions such as manufacturing, sales, or accounting. People who perform similar tasks are clustered together.

The same basic organizational form is *assumed* to be appropriate for any organization, be it a government, school, business, church, or fraternity. It is familiar, predictable, and rational.

As familiar and rational as the *functional hierarchy* may be, there are distinct disadvantages to blindly applying the same form of organization to all purposeful groups. To understand the problem, begin by observing that different groups wish to achieve *different outcomes*. Second, observe that different groups have *different members*, and that each group possesses a *different culture*. These differences in desired outcomes, and in people, should alert us to the danger of assuming there is *any* single best way of organizing. To be complete, however, also observe that different groups will likely choose *different methods* through which they will achieve their purpose. Service groups will choose different methods than manufacturing groups, and both will choose different methods than groups whose purpose is primarily social. *One structure* cannot possibly *fit all*.

### ***Organizing on Purpose***

The purpose for which a group exists should be the foundation for everything its members do — including the choice of an appropriate way to organize. The idea is *to create* a way of organizing that *best suits* the purpose to be accomplished, regardless of the way in which other, dissimilar groups are organized.

Only when there are close similarities in desired outcomes, culture, and methods should the basic form of one organization be applied to another. And even then, only with careful fine tuning. The danger is that the *patterns* of activity that help one group to be successful may be dysfunctional for another group, and actually inhibit group effectiveness. To optimize effectiveness, the form of organization must be matched to the purpose it seeks to achieve.

### ***The Design Process***

Organization design begins with the creation of a strategy — a set of decision guidelines by which members will choose appropriate

actions. The strategy is derived from clear, concise statements of purpose, and vision, and from the organization's basic philosophy. Strategy unifies the intent of the organization and focuses members toward actions designed to accomplish desired outcomes. The strategy encourages actions that support the purpose and discourages those that do not.

Creating a strategy is planning, not organizing. To organize we must connect people with each other in meaningful and purposeful ways. Further, we must connect people with the information and technology necessary for them to be successful. Organization *structure* defines the formal relationships among people and specifies both their roles and their responsibilities. Administrative *systems* govern the organization through guidelines, procedures and policies. Information and technology define the *process (es)* through which members achieve outcomes. Each element must support each of the others and together they must support the organization's purpose.

### ***Exercising Choice***

Organizations are an *invention* of man. They are *contrived* social systems through which groups seek to exert influence or achieve a stated purpose. People choose to organize when they recognize that by acting alone they are limited in their ability to achieve. We sense that by acting in concert we may overcome our individual limitations.

When we organize we seek to direct, or *pattern*, the activities of a group of people toward a common outcome. How this pattern is designed and implemented greatly influences effectiveness. Patterns of activity that are complementary and *interdependent* are more likely to result in the achievement of *intended* outcomes. In contrast, activity patterns that are unrelated and *independent* are more likely to produce unpredictable and often unintended results.

The process of organization design matches people, information, and technology to the purpose, vision, and strategy of the organization. Structure is designed to enhance communication and information flow among people. Systems are designed to encourage individual responsibility and decision making. Technology is used to enhance human capabilities to accomplish meaningful work. The end product

is an integrated system of people and resources, tailored to the specific direction of the organization.

The process of organization design involves following principles:

- Division of Labour
  - Specialization
  - Departmentalization
- Unity of Command
  - Line of command
  - One superior
- Authority and Responsibility
  - Line and staff authority
  - Authority and power
- Spans of Control
  - Levels of control
  - Centralization and decentralization
- Contingency Factors
  - Environment and technology

Knowledge technology: task variability & problem analyzability

(These principles are discussed in detail in the module on management principles)